

Message Text

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ACTION STR-06

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-07
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02
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USMTN

USEEC
PASS STR FOR INFO

E.O. 11652: N/A
TAGS: ETRD, MTN
SUBJECT: MTN/CZECHOSLOVAKIAN DISCUSSION
1. AFTER FOUR OR FIVE INVITATIONS, MCDONALD LUNCHE
ON JANUARY 26 WITH DR. RUZEK, THE CZECHOSLOVAKIAN
AMBASSADOR IN GENEVA, AND HIS ECONOMIC MINISTER, MR.
JUNG. THE PARTICULAR MOTIVATION FOR THE SESSION BY
THE CZECHS WAS RATHER OBTUSE BUT A NUMBER OF SUBJECTS
WERE COVERED THAT MIGHT BE OF INTEREST.
2. MUCH OF THE TIME SPENT EXCHANGING VIEWS ON THE
IMPORTANCE OF THE MTN, WITH THE CZECHS POINTING OUT
THAT THEY WERE ALSO VERY ANXIOUS TO SEE THE TOKYO
ROUND SUCCESSFULLY AND PROMPTLY COMPLETED EVEN THOUGH
WE ARE NOT SET UP CURRENTLY TO HAVE PRODUCTIVE BILATERAL
DISCUSSIONS. THEY CLEARLY STAND TO BENEFIT WITH ALL
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OF THE PROGRESS WE MAKE WITH THE EC SINCE THEY
ESTIMATED SOME 23 PERCENT OF THEIR EXPORTS PRESENTLY
GO TO EC COUNTRIES. THEREFORE, THEY ARE NOT ONLY
INTERESTED IN THE GENERAL LIBERALIZING TREND OF TRADE
AND INDUSTRIAL TARIFF REDUCTIONS BUT ALSO IN THE WORK
OF THE SAFEGUARDS GROUP AND IN NON-TARIFF MEASURES.
THEY CITED THIS SEVERAL TIMES AS A COMMON INTEREST,

IMPLYING THAT WITHIN THEIR OWN CIRCLE OF FRIENDS THEY WOULD ALSO BE WORKING FOR THE MTN TO PRODUCE SUBSTANTIVE RESULTS AND COMPLETE ITS ESSENTIAL WORK BY MID-JULY.

3. THEY DID IN A SOFT WAY LAMENT THE FACT THAT CZECHOSLOVAKIA AND THE U.S. HAVE NOT HAD ACTIVE TRADING RELATIONSHIPS SINCE THE U.S. ACTION IN 1952. CONSEQUENTLY, WITH TARIFFS BASED ON U.S. 1930 RATES, CZECHOSLOVAKIA HAS LITTLE OPPORTUNITY IN THE U.S. MARKET. THEY REPEATEDLY CHARACTERIZED THEIR ECONOMY AS ONE REQUIRING EXTENSIVE IMPORTS OF FOODSTUFFS, RAW MATERIALS AND FUELS WHILE HAVING HIGH INDUSTRIALIZED CAPABILITIES, PARTICULARLY IN THE AREAS OF ENGINEERED PRODUCTS. THEY OBLIQUELY REFERRED TO THE EARLIER U.S.-CZECHOSLOVAKIAN DISCUSSIONS THAT THEY SOMEWHAT SADLY INDICATED ALMOST CAME TO FRUITION FOR THE RE-ESTABLISHMENT OF NORMAL TRADE RELATIONS ON TWO DIFFERENT OCCASIONS BUT WERE ABORTED FOR ONE REASON OR ANOTHER AT THE LAST MOMENT.

4. AGAIN SOMEWHAT INDIRECTLY, THEY MENTIONED AN UNDERSTANDING OF U.S. DISCUSSIONS WITH HUNGARY AND WERE CURIOUS ABOUT HOW THESE WERE PROCEEDING. MCDONALD INDICATED THAT NOTHING HAS BEEN WORKED OUT YET WITH THE HUNGARIANS AND THAT FOR THE MOMENT WE WERE STILL OPERATING ON THE BASIS OF STATUS QUO.

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5. IN SUM, THE DISCUSSION WAS VERY FRIENDLY AND CONGENIAL, AND THEY STUDIOUSLY AVOIDED ANY SUBJECTS THAT MIGHT HAVE EVEN HINTED OF CONTROVERSY OR DIFFERENCES. MCDONALD

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NNN

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